Governor's Proposed FY2011 Supplemental Budget

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Personal Care Hours

Description of Reduction: Clients will experience, on average, a 10 percent acuity based reduction to their benefit level (fewer monthly hours of personal care). Clients would receive fewer hours of service for assistance with activities such as dressing, bathing, eating, toileting, body care and personal hygiene, and medication management, as well as for food preparation, shopping, and travel to medical appointment. The actual reduction will vary from 6 percent to 18.4 percent based upon acuity. As a result, lower acuity clients will receive a higher percentage reduction than higher acuity clients. All in-home clients received an average reduction of 4 percent (range of 1 percent to 10 percent based upon acuity) in Fiscal Year 2010; and some clients received an additional targeted reduction (hours based upon individualized assessment of informal supports) in Fiscal Year 2011. With reduced hours, in-home clients will need to choose which tasks their employees spend their time on and there may not be enough time to complete all tasks. At the higher percentage reductions, some tasks may not be completed on a regular basis. If the reduction results in an unsafe plan of care, some clients may need to go to community residential or nursing facility settings.

The reduction in hours will impact the incomes of almost all individual providers - approximately 22,000 working with LTC clients, and about 13,000 working with DDD clients. Revenues of home care agencies will decrease resulting in a loss of economies of scale which could impact administrative components of agency providers and result in mergers.

Dollar Amount: **(**$14,952,000) GF-S ($20,220,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:
Clients will experience, on average, a 10 percent acuity based reduction to their benefit level (fewer monthly hours of personal care). Clients would receive fewer hours of service for assistance with activities such as dressing, bathing, eating, toileting, body care and personal hygiene, and medication management, as well as for food preparation, shopping, and travel to medical appointment. The actual reduction will vary from 6 percent to 18.4 percent based upon acuity. As a result, lower acuity clients will receive a higher percentage reduction than higher acuity clients.

Service and Provider Impact:
The reduction in hours will impact the incomes of almost all individual providers - approximately 22,000 working with LTC clients, and about 13,000 working with DDD clients.

Proviso Impact: $193,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (6) (b). After the reduction, there is $2,877,000 GF-State remaining.

Implementation Date: January 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Boarding Home Rates

Description of Reduction: This item implements a seven percent across the board rate reduction for Boarding Homes. This reduction will occur on April 1, 2011.

Dollar Amount: ($1,243,000) GF-S ($1,550,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:
In Long Term Care, the rates paid to providers for approximately 4,800 Assisted Living and 2,000 Adult Residential Care/Enhance Residential Care clients would be lowered. Rates for clients of the Division of Developmental Disabilities would also be affected.

Provider and Service Impact: About 500 Boarding Homes statewide would see reductions of an additional 7 percent in their rates, beginning April 2011. Boarding Home rates were reduced by 4 percent in the 2009-11 Biennium. Boarding Homes are contracted to provide Assisted Living, or Adult Residential Care/Enhanced Adult Residential Care. The Department sets Medicaid payment rates for Boarding Homes based on the 17 CARE classification levels, geographic areas, benchmarked costs, and legislative cost of living increases. The rates are individual specific based on the needs of a client. A facility may receive several different rates based upon the service needs of its Medicaid residents.

Implementation Date: April 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Senior Citizens Services Act (SCSA) Reduction

Description of Reduction: This item reduces the state funded Senior Citizens Services Act (SCSA) by 30 percent, or $1,742,000 GF-State. Through locally-based Area Agencies on Aging

(AAAs), SCSA funds are used to pay for services to seniors that delay entry into Medicaid and maintain people as long as possible in their homes.

Dollar Amount: ($1,742,000) GF-S $0 GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:

- Pre-Medicaid seniors will not have access to services that currently help them maintain their privately paid community setting. Loss of the services listed above - as well as Chore Services, Personal Care Services, Health Maintenance, and Visiting and Telephone Reassurance - will result in some individuals transitioning sooner to more expensive settings where many will rapidly spend down their private resources and turn to Medicaid funding.
- Health & Safety may be compromised for seniors who rely on this funding source to provide foot care, transportation, mental health services, etc.
- There will be fewer non-Medicaid resources to use for Nursing Home Diversion. ADRCs are playing an expanding role with Healthcare Reform, but will have fewer programs to refer pre-Medicaid people to.
- In addition to current clients being affected, the growing population of aging baby boomers would have limited access to these front-line services that assist in maintaining people in their homes and not relying on Medicaid.

Provider and Service Impact: AAAs are the front line for information, referral, and services for most seniors in Washington State. AAAs serve both Medicaid and pre-Medicaid individuals. AAAs use SCSA to match federal Older Americans Act (OAA) funding, pay for services that prevent the need for more intensive interventions (such as placement out of home or in an institution), and also to pay for services that delay entry into Medicaid. These services include information and referrals, Foot Care, Bath Assistance, Minor Home Repair, Adult Day Health/Day Care, Transportation, Meals, and Case Management. AAAs also use SCSA funding to support their planning, coordination and administrative functions. State match for SCSA funding has not grown in recent years despite the increase in the aging population. Maintenance of effort (about $3,000,000) would continue to provide required match for OAA funds. The remaining $6 million of SCSA would be reduced by the amount identified in this reduction item.

Of the current services funded by SCSA, Senior Information & Assistance (I&A) /Aging and Disability Resource Centers (ADRCs) are currently funded at about $3,000,000. ADSA will attempt to maintain current funding levels for Senior I&A/ADRC as these items are a state and federal priority. ADRCs provide free information for informed decision making, and are a strategy to delay institutionalization of at-risk adults.

Consequently, AAAs would need to reduce other non-Medicaid services such as Case Management, Transportation, Adult Day Health/Adult Day Care, Bath Assistance, Minor Home Repair, Foot Care and Senior Meals.

Implementation Date: December 1, 2010

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Volunteer Services Program

Description of Reduction: Volunteer Services is a state funded program that provides volunteer assistance with activities - such as limited personal care, household tasks, yard work, transportation, minor home repair, and moving. The program assists individuals who are unable to perform tasks due to functional or cognitive impairment. These individuals are not eligible for DSHS services, have declined DSHS services, or the services needed are not covered under Medicaid.

This reduction reduces and redesigns the program. In addition to direct service, the contractor will partner with community based organizations, faith based organizations, and schools to increase volunteerism in the community to serve these populations.

As the redesigned program supports more volunteerism it is expected that it will be able to continue at the previous rate of service to 5,800 clients and over 295,000 hours of service.

Dollar Amount: ($118,000) GF-S $0 GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:
In Fiscal Year 2009, Volunteer Services served 5,800 clients and provided over 295,000 hours of service to individuals with cognitive or functional impairments. The program will be redesigned so that these clients could receive this assistance through community support.

Provider and Service Impact: There are currently two contractors for Volunteer Services: Catholic Community Services of Western Washington and Northwest Regional Council.

Proviso Impact: $118,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (13). After the reduction, there is $1,759,000 GF-State remaining.

Implementation Date: January 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Nursing Home Acuity Rate

Description of Reduction: Nursing home rates are reduced through statutory changes (RCW 74.46) to encourage further efficiencies in the rate methodology by reducing Nursing Home direct care rates for Medicaid clients with the lowest acuity classifications.

Dollar Amount: ($1,769,000) GF-S ($1,418,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:
With reduced revenues, nursing home providers may have to choose which tasks their employees spend their time on and clients may have to wait longer for certain tasks to be completed.

While residential clients should not experience a change in the service level they receive from nursing home providers, if daily rates are significantly lowered for the lowest acuity groups, some providers may choose not to serve persons in the lowest groups. These clients would need to transition to community service settings. This supports Department efforts to provide cost effective care in the least restrictive setting.

Provider and Service Impact: These initiatives may provide further incentives for nursing homes to look for ways to move their lightest care clients to alternative community settings, such as in-home, boarding homes or adult family homes. Nursing homes may also look at additional ways to operate more efficiently to make up for lost Medicaid revenue. The methodology change above requires approval by the Legislature prior to implementation. The earliest implementation date is likely to be March 2011.

Implementation Date: March 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Nursing Home Financing Rate

Description of Reduction: Nursing home rates are reduced through statutory changes to encourage further efficiencies in the rate methodology:

- The financing allowance factor applied to net invested funds is reduced to 4 percent from 10 percent on assets in place before May 17, 1999 and to 4 percent from 8.5 percent on assets in place after that date.

Dollar Amount: ($1,986,000) GF-S ($2,472,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:

Client Impact:
With reduced revenues, nursing home providers may have to choose which tasks their employees spend their time on and clients may have to wait longer for certain tasks to be completed.

Provider and Service Impact: Nursing homes may look at additional ways to operate more efficiently to make up for lost Medicaid revenue. The methodology change above requires approval by the Legislature prior to implementation. The earliest implementation date is likely to be March 2011.

Implementation Date: March 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Delay Mandatory Training

Description of Reduction: New mandatory training and certification requirements for long term care workers are scheduled to begin on January 1, 2011. This reduction requires a statutory change so that the new mandatory training and certification would begin in the 2013-15 Biennium. If action occurs early in the upcoming session, then most wage and tuition costs in Fiscal Year 2011 would be avoided. All wage and tuition costs would be avoided in Fiscal Year 2012 and Fiscal Year 2013. Almost all budgeted staffing costs in ADSA headquarters, as well as costs within the Area Agencies on Aging (AAA), will also be avoided in each fiscal year. The cost avoidance represents about 5 percent of total FTEs, and 5 percent of GF-State, in ADSA headquarters. Contributions to the Individual Provider Training Partnership under the FY2011 CBA will continue unless renegotiated, and one position within ADSA will continue to provide data and technical expertise to the Training Partnership.

Dollar Amount: ($2,447,000) GF-S ($1,091,000) GF-F (7.5) FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact: No clients would lose services under this reduction item.

Provider and Service Impact: Current training requirements would remain in place for the next three fiscal years. No providers would lose current level of training. Numerous organizations - including DSHS, DOH and the Training Trust - are in various stages of preparation for meeting the new requirements. Those preparations would be slowed or stopped.

Proviso Impact: $226,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (8) (a) and (b). After the reduction, there is $3,368,000 GF-State remaining.

Implementation Date: January 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce AAA Case Manager Unit Rate

Description of Reduction: This item reduces the monthly unit rate paid to Area Agencies on Aging (AAAs) by 3 percent for each in-home case they manage for Title XIX clients, effective December 2010. This will include COPES, Medicaid Personal Care, Medically Needy In-home Waiver, Chore, Managed Care and Adult Day Health only. Core Service Contract Management performed by the AAAs will also be reduced by 3 percent, beginning in December 2010.

AAAs use Title XIX funds for case management direct and indirect costs. Since 2004, they have been paid on a unit rate methodology, which includes billing based on active cases served in a given month. They are required to keep a minimum ratio of case handling staff (case managers, case aides, and nurses) to clients.

Dollar Amount: ($458,000) GF-S ($457,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:

- Clients may not receive as many monitoring contacts.
- Clients may have longer waits for requested Significant Change assessments, equipment, environmental modifications, and other services.
- Case managers will be unable to spend as much time on case management activities that are not required by Medicaid, but add value to clients and reduce risk to health and safety.
- Annual assessments may not happen in the required timeframes due to workload issues.
- Clients may have fewer choices of providers if Core Services Contract Management is less robust.
- Potentially poor outcomes for some clients related to health and safety and lessened monitoring standards.

Provider and Service Impact: AAAs use Title XIX funds for case management direct and indirect costs. Since 2004, they have been paid on a unit rate methodology, which includes billing based on active cases served in a given month. They are required to keep a minimum ratio of case handling staff (case managers, case aides, and nurses) to clients.

With flat funding in recent years, the only mechanism to adjust the unit rate for inflation has been to increase the clients to case handling staff ratio. This has resulted in caseload ratio increases each year. Using time study data, the unit rate initially served a case handling ratio of

1:61. Over the years that ratio has moved to 1:70. This has impacted the AAAs ability to provide the same level of case management services and oversight.

With a total reduction of 3 percent, the caseload will increase to a ratio of 1:72. With higher caseloads, case managers may not be able meet all case management activities - including timeliness of reassessments and monitoring oversight.

Title XIX funding is also used to pay for Core Service Contract Management. A 3 percent reduction to funding would result in fewer resources for needs assessment, procuring, contracting and monitoring of Roads to Community Living (RCL), Home Care Agencies, and other Medicaid service providers.

Implementation Date: December 1, 2010

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Capture Field Staff Vacancy Savings

Description of Reduction: Savings are achieved by not filling positions from the Mandatory Workload adjustment budget step in the 2009-11 Biennial Budget and 2010 Supplemental Budget. Field activities directly related to federal funding, federal requirements, and client safety will be prioritized over other program activities. Some clients will wait longer to receive services, because these positions were to manage anticipated caseload growth in Fiscal Year 2011. Overall, this reduction represents about 4 percent of the total FTEs, and 4 percent of the total GF-State, in HCS Field.

Dollar Amount: ($1,278,000) GF-S ($1,160,000) GF-F (32.2) FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact: Field activities directly related to federal funding, federal requirements, and client safety will be prioritized over other program activities. Some clients will wait longer to receive services during Fiscal Year 2011.

Provider and Service Impact: The impact will be to field staff within Home and Community Services (HCS).

Implementation Date: July 1, 2010

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Eliminate Nursing Home Variable Return

Description of Reduction:
This reduction reflects changes made by the Legislature in the 2010 session, including c. 34, 2010 Laws 1st sp. sess., a law amending the rate methodology found in Ch. 74.46 RCW. The Legislature reduced the variable return component rate for Fiscal Year 2011, and eliminated the variable return component rate on July 1, 2011. This reduction eliminates the variable return component rate on March 1, 2011. The variable return component rate is an add-on to the total nursing home rate of 1 to 4 percent, based on the home's total costs. Those with the highest costs receive 1 percent and those with the lowest costs receive 4 percent.

Dollar Amount: ($500,000) GF-S ($600,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:
Client Impact:
Clients should not experience a change in the service level they receive from nursing home providers.. With reduced revenues, nursing home providers may have to choose which tasks their employees spend their time on and may not have enough time to complete all tasks desired.

Provider and Service Impact:
Nursing homes will look for additional ways to operate more efficiently to make up for lost Medicaid revenue.

Implementation Date: March 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Revise Phase-in for Nursing Home Discharge

Description of Reduction:
The early action 2010 Supplemental included a savings item for Nursing Home discharge. The assumptions for the 2010 Supplemental item can be updated, because roughly 100 more clients than anticipated have transitioned from a nursing home to a community setting.

Dollar Amount: ($1,988,000) GF-S ($2,587,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:

Additional clients are moving into community settings.

Implementation Date: July 1, 2010

Agency Name: Long Term Care (LTC)

Name of Program or Service Being Reduced: Reduce Regional Administration

Description of Reduction: The Department of Social and Health Services is consolidating its regional structure from six to three for all programs across the state.

Dollar Amount: ($31,000) GF-S ($41,000) GF-F 0.0 FTE

Description of Client Impact and/or Effect on Service Outcomes:

Implementation Date: April 1, 2011

Agency Name: Long Term Care

Name of Program or Service Being Reduced: Reduce Proviso Funding

Description of Reduction: Proviso appropriations are reduced by 6.287 percent.

Dollar Amount: ($559,000) GF-S

Description of Client Impact and/or Effect on Service Outcomes:

Proviso Impact:

- $267,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (11). After the reduction, there is $3,972,000 GF-State remaining.
- $49,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (18). After the reduction, there is $732,000 GF-State remaining.
- $81,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (24). After the reduction, there is $1,208,000 GF-State remaining.
- $63,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (25). After the reduction, there is $937,000 GF-State remaining.
- $6,000 of this reduction is directly related to a proviso from Engrossed Substitute Senate Bill (ESSB) 6444, 2010 Supplemental Budget, Section 206 (28). After the reduction, there is $94,000 GF-State remaining.

Implementation Date: October 1, 2010